GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:5810
ANSWERED ON:30.08.2001
SAVINGS BY OIL SECTOR
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the savings made by the oil sector during the last three years, quarter-wise;

(b) whether the savings are satisfactory as compared to the quantum of production turnover / sales etc;

(c) if not, the reasons therefor; and

(d) the steps the Government propose to take to increase the savings in oil sector to face the stiff competition from the private sector in future?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) The savings achieved by the Public Sector Enterprises in the oil sector during the last three years, as a result of cost reduction / efficiency improvement measures were as follows:

Year	Savings (Rs. Cr)
1998-99	378.11
1999-2000	(-)75.23
2000-01	470.00

Savings during the year, 1999-2000 had declined due to the impact of pay revisions, etc.

(b) & (c) The raw material cost (price of crude oil and natural gas) and elements such as duty and taxes, depreciation, financing cost etc, over which the oil sector PSUs have little control, constitute about 95% of their overall cost.The controllable cost therefore, generally constitutes only about 4 to 5 % of the total cost.

(d) Government have taken a number of measures to improve the savings in these enterprises. These, inter alia, include adoption of various cost cutting measures, reducing cost of borrowings, adoption of latest financial tools, upgradation of technology, manpower redeployment, etc., to improve efficiency and productivity.